

**Marks and Spencer
(Initial LP) Limited**

Report and Financial Statements

For the year ended 29 March 2014

Registered Number SC315365

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Marks and Spencer (Initial LP) Limited
Report and financial statements
For the year ended 29 March 2014

Report of the Directors

The directors present their report and the audited financial statements of Marks and Spencer (Initial LP) Limited (the 'Company') for the year ended 29 March 2014.

Principal activities

The Company's principal activity is an investment vehicle. The directors consider that in the conditions prevailing during the year, the development of the Company's business and its financial position at the end of the year were satisfactory. The directors do not expect any development in the Company's business in the coming year that is significantly different from its present activities.

Marks and Spencer (Initial LP) Limited is a limited company domiciled in Scotland. The Company's registered office is No. 2 Lochrin Square, 96 Fountainbridge, Edinburgh, Midlothian, EH3 9QA. The Company is part of the Marks and Spencer group of companies (the 'Group').

The financial statements are made up to the nearest Saturday to 31 March each year. The current financial year is the 52 weeks ended 29 March 2014 (the 'year').

Results and dividends

The Company made a profit after tax of £3 (last year £4) during the year. The directors do not recommend the payment of a dividend (last year £nil).

Directors

The directors who held office during the year and up to the date of signing the financial statements were as follows:

C Constantine
RJ Ivens
A Stewart

Principal risks and uncertainties

The directors of Marks and Spencer Group plc manage the Group's risk at a Group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a discussion of the Company's risks would not be appropriate for an understanding of the development, performance or position of the Marks and Spencer (Initial LP) Limited business. The principal risks and uncertainties of Marks and Spencer Group plc which include those of the Company are discussed on pages 15 to 17 and 44 of the Group's annual report which does not form part of this report. Copies of the Marks and Spencer Group plc consolidated financial statements are available from the Company Secretary at Waterside House, 35 North Wharf Road, London W2 1NW or are available on the website www.marksandspencer.com/thecompany.

Key performance indicators

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Strategic report

Exemption has been taken from preparing the strategic report in line with CA2006 s414B.

Marks and Spencer (Initial LP) Limited
Report and financial statements
For the year ended 29 March 2014

Report of the Directors continued

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Indemnity provision

Marks and Spencer Group plc maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors and those directors of its subsidiary companies. Indemnities have been granted to the Company's directors by Marks and Spencer Group plc to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year ended 29 March 2014 and remain in force, in relation to certain losses and liabilities which the directors may incur to third parties in the course of acting as directors of the Company.


Statement of disclosure of information to auditor

The directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and that each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

A resolution to appoint Deloitte LLP as auditor of the Company has been approved by the directors at the time of signing these financial statements. PricewaterhouseCoopers LLP remain the auditor for the year ended 29 March 2014.

On behalf of the Board


RJ Ivens
Director
17 June 2014

Marks and Spencer (Initial LP) Limited

Independent Auditor's Report to the Members of Marks and Spencer (Initial LP) Limited

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 29 March 2014 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Marks and Spencer (Initial LP) Limited, comprise:

- the statement of financial position as at 29 March 2014;
- the statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report (the "Report and Financial Statements") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Marks and Spencer (Initial LP) Limited

Independent Auditor's Report to the Members of Marks and Spencer (Initial LP) Limited continued

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Sarah Quinn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 June 2014

Marks and Spencer (Initial LP) Limited
Statement of comprehensive income

	Notes	52 weeks ended 29 March 2014 £	52 weeks ended 30 March 2013 £
Revenue	2	5	5
Profit before tax		5	5
Income tax expense	5	(2)	(1)
Profit and total comprehensive income for the year attributable to owners of the Company		3	4

The Company has no recognised gains or losses other than those included in the Statement of comprehensive income and therefore no separate Statement of other comprehensive income has been presented.

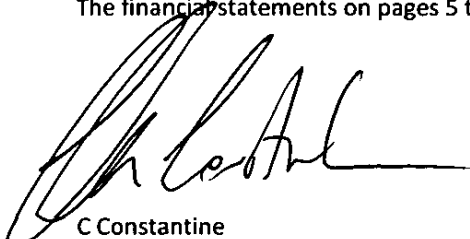
Marks and Spencer (Initial LP) Limited
Registered Number SC315365

Marks and Spencer (Initial LP) Limited
Statement of financial position

		As at 29 March 2014	As at 30 March 2013
ASSETS	Notes	£	£
Non-current assets			
Investment in another Group undertaking	6	100	100
		100	100
Current assets			
Cash and cash equivalents		111	111
Amount receivable from another Group undertaking		35	30
		146	141
Total assets		246	241
LIABILITIES			
Current liabilities			
Current tax liabilities		(1)	(1)
Amount payable to another Group undertaking		(11)	(9)
		(12)	(10)
Total liabilities		(12)	(10)
Net assets		234	231
EQUITY			
Issued share capital	7	200	200
Retained earnings		34	31
Total shareholders' equity		234	231

The notes on pages 9 to 13 are an integral part of these financial statements.

The financial statements on pages 5 to 13 were approved by the Board of Directors and authorised for issue on 17 June 2014.



C Constantine
 Director

Marks and Spencer (Initial LP) Limited
Statement of changes in equity

	Issued share capital £	Retained earnings £	Total £
At 1 April 2012	200	27	227
Profit for the year attributable to shareholders	-	4	4
At 30 March 2013	200	31	231
At 31 March 2013	200	31	231
Profit for the year attributable to shareholders	-	3	3
At 29 March 2014	200	34	234

Marks and Spencer (Initial LP) Limited
Statement of cash flows

	52 weeks ended 29 March 2014 £	52 weeks ended 30 March 2013 £
Cash flows from operating activities		
Profit after tax	3	4
Income tax expense	2	1
Net increase in intercompany receivables	(5)	(5)
Net increase in intercompany payables	2	1
Cash generated from operations	2	1
Tax paid	(2)	(1)
Net cash inflow from operating activities	-	-
Cash and cash equivalents at beginning of year	111	111
Cash and cash equivalents at end of year	111	111

Marks and Spencer (Initial LP) Limited
Notes to the financial statements
For the year ended 29 March 2014

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

There are no IFRS or IFRIC interpretations that are effective for the first time in this financial year that would be expected to have a material impact on the Company.

A summary of the Company's significant accounting policies adopted is given below:

Accounting convention

The financial statements are drawn up on the historical cost basis of accounting, except as disclosed in the accounting policies set out below. The Company's accounting policies have been consistently applied throughout the year.

Revenue

Revenue represents the Company's entitlement to income profits from a fellow Group undertaking which is recognised on an accruals basis. The annual allocation of income profits is equal to 5% of the capital contribution made by the Company to Marks and Spencer Scottish Limited Partnership.

Taxation

Tax expense comprises current tax only. Tax is recognised in the income statement, except to the extent it relates to items recognised in other comprehensive income or directly in equity, in which case the related tax is also recognised in other comprehensive income or directly in equity.

Cash and cash equivalents

Cash and cash equivalents includes short-term deposits with banks and other financial institutions, with an initial maturity of three months or less.

Investments in other Group undertakings

Investments in other Group undertakings are recorded at cost, which is the fair value of the consideration paid. Gains or losses arising from changes in fair value are recognised directly in equity, until the asset is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the year.

Share capital

Ordinary shares are classified as equity.

Financial Instruments

Financial assets

Loans to other Group undertakings and all other receivables are non-derivative financial assets, initially recognised at fair value, then subsequently carried at amortised cost. All receivables from other Group undertakings are not considered to be overdue or impaired.

Financial liabilities

Loans from other Group undertakings and all other payables are initially recorded at fair value, which is generally the proceeds received. They are then subsequently carried at amortised cost. All payables to other Group undertakings are repayable on demand.

Marks and Spencer (Initial LP) Limited
Notes to the financial statements
For the year ended 29 March 2014

1 ACCOUNTING POLICIES continued

Financial risk management

Interest rate risk

The Company has no exposure to interest rate fluctuations as it has no interest-bearing loans.

Liquidity risk

The Company's exposure to liquidity risk is managed by funding cash flow requirements from the parent company.

Credit risk

The Company's exposure to credit risk is limited to amounts receivable from and payable to other Group undertakings.

Fair value estimation

The fair values of receivables and payables are approximate to their book values.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide optimal return for shareholders.

2 REVENUE

	52 weeks ended 29 March 2014	52 weeks ended 30 March 2013
	£	£
Income profits from another Group undertaking	5	5

3 DIRECTORS' EMOLUMENTS AND EMPLOYEE INFORMATION

The Company had no employees during the year (last year nil). No director received emoluments in respect of their services to the Company during the year (last year £nil).

4 PROFIT BEFORE TAX

Auditors' remuneration of £3,000 (last year £3,000) in respect of the Company's annual audit has been borne by Marks and Spencer plc in the current and prior years.

Marks and Spencer (Initial LP) Limited
Notes to the financial statements
For the year ended 29 March 2014

5 INCOME TAX EXPENSE

A Tax charge

	52 weeks ended 29 March 2014	52 weeks ended 30 March 2013
	£	£
UK Corporation tax at 23% (last year 24%)		
- current year	1	1
- prior year	1	-
Total current tax	2	1
Total income tax expense	2	1

On 2 July 2013, the Finance Bill received its final reading in the House of Commons and so the previously announced reduced rates of corporation tax of 21% from 1 April 2014 to 31 March 2015 and 20% from 1 April 2015 onwards were substantively enacted.

B Tax reconciliation

The tax on the Company's profit before tax differs from the amount that would arise by applying the current UK tax rate to profits of the Company as follows:

	52 weeks ended 29 March 2014	52 weeks ended 30 March 2013
	£	£
Profit before tax	5	5
Tax at the standard UK rate of 23% (last year 24%)	1	1
Adjustments in respect of prior years	1	-
Total income tax expense	2	1

Marks and Spencer (Initial LP) Limited
Notes to the financial statements
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6 INVESTMENT IN ANOTHER GROUP UNDERTAKING

	As at 29 March 2014 £	As at 30 March 2013 £
Cost and net book value		
At the start and end of the year	100	100

The investment of £100 is in Marks and Spencer Scottish Limited Partnership, a partnership registered in Scotland and represents the Company's capital in its capacity as a Limited Partner. In prior years, this investment was classified as a current investment.

7 ISSUED SHARE CAPITAL

	As at 29 March 2014 £	As at 30 March 2013 £
Issued and fully paid		
200 ordinary shares of £1	200	200

8 RELATED PARTY DISCLOSURES

During the year the Company had the following related party transactions and balances.

	52 weeks ended 29 March 2014 £	52 weeks ended 30 March 2013 £
Transactions:		
Income profits from another Group undertaking	5	5
	As at 29 March 2014 £	As at 30 March 2013 £
Balances:		
Current accounts receivable from other Group undertakings	35	30
Current accounts payable to other Group undertakings	(11)	(9)
Investment in another Group undertaking	100	100

There were no other transactions with related parties.

All current account balances are non-interest bearing.

Marks and Spencer (Initial LP) Limited
Notes to the financial statements
For the year ended 29 March 2014

9 ULTIMATE PARENT COMPANY

The immediate parent undertaking is Marks and Spencer plc which is the smallest group to consolidate these financial statements. The ultimate parent undertaking and controlling party is Marks and Spencer Group plc, a company registered in England and Wales, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of the Marks and Spencer Group plc consolidated financial statements can be obtained from the Company Secretary at Waterside House, 35 North Wharf Road, London W2 1NW or are available on the website www.marksandspencer.com/the-company.